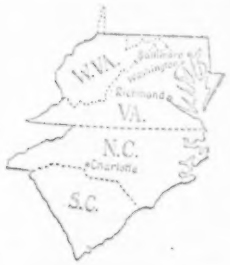
MONTHLY REVIEW

of Financial and Business Conditions

FIFTH FEDERAL



RESERVE DISTRICT

Federal Reserve Bank, Richmond, Va.

September 30, 1942

BUY WAR BONDS

BUY SAVINGS STAMPS

INVEST FOR VICTORY NOW

The General Situation in the Fifth District

NO changes of importance occurred in trade and industry in the Fifth Reserve district in August, but agricultural prospects improved distinctly. Industries handling war materials continued to work to capacity, and large wage payments enabled workers to buy consumers' goods in large quantities from retailers.

Distribution of goods to consumers is restricted in instalment lines, and other credit sales have also declined substantially in recent months, but cash sales are much above normal and in some lines more than compensate for the decline in credit sales. Total sales in department stores in August were 6 per cent larger than August 1941 sales, but cash sales alone showed an increase of 41 per cent. Furniture sales, on the contrary, which are largely instalment sales under normal conditions, declined 25 per cent from August 1941 sales. Wholesale trade in most lines was in about the same dollar volume in August as a year ago. In spite of increased sales reported by department stores and certain other retailers, the public is spending less for consumer goods than a year ago, since it is now impossible in most instances to buy automobiles, tires, bicycles, refrigerators, numerous types of household appliances, and many articles made of critical material, including some wearing apparel such as nylon hosiery, wool linings for coats and suits, etc. Millions of dollars are being saved and made available for other purposes by restrictions on gasoline sales.

The industrial plants of the district are operating for the most part on work either directly or indirectly connected with the war effort, and are running to capacity insofar as labor and material are available. Textile plants are working generally on a two shift, 80-hour per week basis, and all of them with machinery which is suitable are turning out cloth for army and navy use. Shipyards, airplane plants and coal mines are accelerating output, and railroads are using every available engine and car. The cigarette industry, a leading one in the Fifth district, set a new output record in each of the past three months. The only industry in the district which has been hard hit by the war restrictions is the full-fashioned hosiery industry, which can neither convert machinery to war work nor obtain suitable silk and nylon yarns to continue normal operations.

Prospects for farmers in the Fifth district are very bright this year, both from a standpoint of yields and the amounts to be received for the crops. The two leading cash crops are tobacco and cotton. The prospective 1942 yield of tobacco is 17 per cent above the 1941 yield, prices paid for tobacco sold in the Carolinas in August were 42 per cent above August 1941 prices, and if final returns measure up to expectations the tobacco growers should receive something like 65 per cent more for their 1942 crop than they received for the 1941 crop. In cotton the story is approximately the same, with production forecast to be 65 per cent above 1941 production and current prices for cotton about 10 per cent higher than a year ago. All leading crops except wheat and peaches show higher yields this year than in 1941, and all except Irish potatoes are above the ten-year average. A special effort was made to increase the peanut crop at the request of the Government, and prospective yield is 47 per cent above that of 1941. Early in the summer a lack of rain made it doubtful that good yields in feed and food crops would be obtained, but from midsummer on the weather was favorable and crops responded remarkably. While the 1942 wheat yield in the Fifth district was 2 per cent lower than the yield a year ago, and peaches declined 13 per cent, oats increased in yield this year by 7 per cent, corn showed a slight gain, hay increased 15 per cent, Irish potatoes rose 17 per cent, and sweet potatoes gained 25 per cent. On September 1 the condition of pastures in the district was one of the best on record for the same date.

FINANCIAL AND BUSINESS CONDITIONS IN THE FIFTH FEDERAL RESERVE DISTRICT

	August 1942	July 1942	August 1941	% Change Month	% Change Year
Debits to individual accounts (25 cities)	$2,120,526,000	$2,189,643,000	$1,738,193,000	— 3	+ 22
Sales, 77 department stores, 5th district	$ 16,646,728	$ 14,019,059	$ 15,718,777	+ 19	+ 6
Sales, 115 furniture stores, 5th district	$ 3,002,578	$ 2,339,469	$ 4,007,179	+ 28	— 25
Sales, 213 wholesale firms, 5th district	$ 17,124,000	$ 17,424,000	$ 17,022,000	— 2	+ 1
Tobacco sold in 5th district (Pounds)	153,808,332	.....	113,426,399	....	+ 36
Average price of tobacco sold, per 100 lbs.	$ 37.86	.....	$ 20.66	....	+ 83
Growers' receipts from tobacco, 5th district	$ 58,233,788	.....	$ 30,243,063	....	+ 93
Number of business failures, 5th district	21	22	32	— 5	— 34
Liabilities in failures, 5th district	$ 282,000	$ 582,000	$ 377,000	— 52	— 25
Value of building permits issued, 29 cities	$ 9,217,949	$ 3,961,000	$ 12,511,101	+133	— 26
Value of contracts awarded, 5th district	$ 72,904,000	$ 90,017,000	$ 146,093,000	— 19	— 50
Cotton consumption, 5th district (Bales)	438,441	471,112	393,636	— 7	+ 11
Cotton price, cents per lb., end of month	18.81	18.67	16.54	+ 1	+ 14
Rayon yarn shipments, U. S. (Pounds)	12,800,000	12,600,000	12,200,000	+ 2	+ 5
Rayon yarn stocks, U. S. (Pounds)	3,000,000	3,100,000	3,400,000	+ 2	+ 15
Cigarettes manufactured, 5th district	17,542,000,000	17,552,357,000	15,006,474,000	0	+ 17
Cigarettes manufactured, U. S.	20,900,644,000	20,875,470,000	17,776,522,000	0	+ 18
Bituminous coal mined, 5th district (Tons)	15,301,000	15,239,000	15,323,000	0	0
Bituminous coal mined, U. S. (Tons)	47,100,000	47,575,000	46,026,000	— 1	+ 2

BANKING STATISTICS

RESERVE BANK STATEMENT ITEMS
Fifth District

ITEMS	Sept. 15 1942	Aug. 15 1942	Sept. 15 1941
	000 omitted		
Discounts held	$ 259	$ 0	$ 38
Foreign loans on gold	110	66	9
Industrial advances	805	820	811
Government securities	227,324	205,540	119,563
Total earning assets	230,119	206,426	120,521
Circulation of Fed. Res. notes	617,824	566,004	360,870
Members' reserve deposits	520,221	473,115	458,066
Cash reserves	946,559	854,773	767,512
Reserve ratio	80.66	80.23	85.78

SELECTED ITEMS—11 REPORTING MEMBER BANKS
Fifth District

ITEMS	Sept. 16 1942	Aug. 12 1942	Sept. 17 1941
	000 omitted		
Loans to business & agriculture	$141,388	$141,744	$159,645
All other loans	151,744	157,194	168,937
Investments in securities	712,737	725,997	505,320
Reserve bal. with F. R. bank	318,225	299,667	303,469
Cash in vaults	30,322	31,404	26,640
Demand deposits	842,894	814,359	728,198
Time deposits	266,463	264,469	210,815
Money borrowed	0	0	0

MUTUAL SAVINGS BANK DEPOSITS
9 Baltimore Banks

	August 31, 1942	July 31, 1942	August 31, 1941
Total deposits	$223,807,378	$222,676,549	$223,974,988

DEBITS TO INDIVIDUAL ACCOUNTS

CITIES	Aug. 1942	July 1942	Aug. 1941	% of Change Month	% of Change Year
	000 omitted				
Dist. of Col.					
Washington	$ 389,797	$ 423,845	$ 347,439	− 8	+12
Maryland					
Baltimore	611,727	643,617	499,706	− 5	+22
Cumberland	9,839	11,305	10,351	−14	− 5
Frederick	9,387*	8,975*	.....	+ 4	..
Hagerstown	13,264	15,477	11,633	−14	+12
North Carolina					
Asheville	18,477	19,494	18,025	− 5	+ 3
Charlotte	182,716	127,593	89,911	+ 4	+48
Durham	80,956	62,762	50,725	+33	+62
Greensboro	24,585	26,619	26,259	− 8	− 6
Kinston	7,591*	4,235*	.....	+79	..
Raleigh	41,917	53,974	49,568	−26	−15
Wilmington	30,053	29,734	19,222	+ 3	+59
Wilson	11,317*	6,354*	.....	+79	..
Winston-Salem	52,137	70,917	49,170	−26	+ 6
South Carolina					
Charleston	35,458	35,152	28,667	− 5	+19
Columbia	51,112	44,076	36,448	+17	+41
Greenville	21,877	32,429	27,496	−33	−20
Spartanburg	19,074	16,576	15,527	+13	+23
Virginia					
Charlottesville	9,772*	10,561*	.....	− 5	..
Danville	14,157	11,469	9,815	+25	+44
Lynchburg	16,910	18,415	16,761	− 8	+ 1
Newport News	20,078	21,042	14,114	− 5	+41
Norfolk	108,857	117,717	74,793	− 8	+46
Portsmouth	12,919	12,898	6,937	0	+86
Richmond	267,025	250,299	202,356	+ 7	+32
Roanoke	32,406	35,188	34,925	− 8	− 7
West Virginia					
Bluefield	18,856*	21,813*	.....	−14	..
Charleston	68,549	68,073	61,185	+ 1	+12
Clarksburg	12,064*	13,401*	.....	−10	..
Huntington	23,774	26,205	21,351	+10	+35
Parkersburg	12,291	12,012	12,187	+ 8	+ 4
District Totals	$2,120,226	$2,180,643	$1,738,193	− 3	+22

*Figures not included in District Total.

COMMERCIAL FAILURES

Figures on insolvencies in the Fifth district and the United States, as compiled by *Dun & Bradstreet* for several recent periods, are as follows:

PERIODS	Number of Failures District	Number of Failures U. S.	Total Liabilities District	Total Liabilities U. S.
August 1942	21	638	$ 282,000	$ 6,781,000
July 1942	22	764	582,000	8,538,000
August 1941	32	954	377,000	11,184,000
8 Months, 1942	223	7,885	3,237,000	73,314,000
8 Months, 1941	281	8,564	3,108,000	96,712,000

EMPLOYMENT

The outstanding feature in the labor situation in the Fifth district at present is the scarcity of farm labor for harvesting and preparing fields for fall planting. Agricultural labor has been drained from farms by selective service and by the call of high wages in defense industries, and farmers are faced with a serious problem in trying to hold sufficient workers to carry on their operations. Members of farm families are doing more work in the fields than usual. In the cities, many people who have never worked outside of the home and numerous people who had retired from active work are securing employment, partly as a patriotic move to help out and partly from necessity to supplement incomes of white collar families in order to meet high taxes and bond purchases. White collar workers on monthly and yearly salaries have benefitted from the sharp increase in National income to a very limited degree, and in many cases women and older people who have not been income producers in the past are compelled to seek employment to supplement incomes which are now or soon will be insufficient to meet living costs, taxes and extra calls such as bond buying. The following figures, compiled for the most part by the Bureau of Labor Statistics, show the trends of employment and payrolls in Fifth district industries from July to August:

STATES	Percentage change from July 1942 to Aug. 1942 In number on payroll	Percentage change from July 1942 to Aug. 1942 In amount of payroll
Maryland	+5.0	+6.3
Dist. of Col.	−2.0	−0.9
Virginia	+1.1	+4.3
West Virginia	−0.6	+5.1
North Carolina	−0.1	+3.8
South Carolina	+0.6	+6.8
District Average	+1.4	+5.1

BITUMINOUS COAL MINING

Bituminous coal mines in the United States produced 47,160,000 net tons in August 1942, a decrease of 1 per cent from 47,575,000 tons mined in July this year but a rise of 2 per cent over 46,026,000 tons in August last year. Total production this calendar year to September 12 of 399,318,000 tons exceeded output of 340,830,000 tons in the corresponding period last year by 17 per cent. In addition to increased demands for coal from industries and railroads this year there has been a sharp rise in the amount of coal needed for heating to supplement short supplies of fuel oil. In the Fifth district production of coal in August 1942, July 1942 and August 1941, was as follows:

SOFT COAL PRODUCTION IN TONS

REGIONS	Aug. 1942	July 1942	Aug. 1941
West Virginia	13,464,000	13,857,000	13,492,000
Virginia	1,744,000	1,720,000	1,675,000
Maryland	153,000	162,000	156,000
5th District	15,361,000	15,739,000	15,323,000
United States	47,160,000	47,575,000	46,026,000
% in District	32	32	33

CONSTRUCTION

The value of building permits issued in Fifth district cities in August rose sharply from July figures, but continued substantially below the level a year ago. August 1942 permits in 29 cities totaled $9,217,950, but $7,000,000 of this amount was accounted for by Washington. Per-

mits issued in July 1942 totaled $3,961,251, and the August 1941 total was $12,511,101. Last month Washington led in permits with $7,001,931, Norfolk was second with $594,905, Richmond third with $469,563, Greenville, S. C., fourth with $339,680, and Baltimore fifth with the low total of $280,164. Total permits issued in the 29 cities this calendar year through August amounted to $61,515,491, compared with $97,884,625 for the first 8 months of 1941.

The aggregate value of August construction contract awards in the Fifth district was $72,904,000, a decrease of 50 per cent from $146,093,000 reported for August 1941, a record to that date. Most of the value in awards is for work connected in some way with the war effort. Figures on contract awards by states for July 1942, which were not available when the August 31 *Review* went to press, were reported by the *F. W. Dodge Corporation* as follows:

CONSTRUCTION CONTRACTS AWARDED

STATES	July 1942	July 1941	% Change
Maryland	$ 12,350,000	$ 15,792,000	— 22
Dist. of Columbia	17,913,000	7,362,000	+143
Virginia	47,784,000	15,402,000	+210
West Virginia	566,000	14,905,000	— 96
North Carolina	3,185,000	6,845,000	— 53
South Carolina	8,178,000	2,597,000	+215
Fifth District	$ 90,017,000	$ 64,338,000	+ 40

COTTON TEXTILES

Cotton textile mills in the Fifth district are running to capacity, and spindle hours in August totaled 5,889,218,782, approximately 54 per cent of total spindle hours in the United States. South Carolina operations averaged 524 hours per spindle in place, Virginia averaged 475 hours, and North Carolina averaged 473 hours, all above the United States average of 458 hours per spindle. Nearly all mills are working on war orders, and output of cotton cloth for civilian consumption has diminished considerably. Operatives in Southern textile mills have recently received increases in rates of pay.

COTTON CONSUMPTION—FIFTH DISTRICT
In bales

MONTHS	No. Carolina	So. Carolina	Virginia	District
August 1942	253,531	183,057	22,853	438,441
July 1942	254,179	196,317	22,616	471,112
August 1941	211,487	163,161	18,988	393,636
8 Months, 1942	1,939,791	1,492,642	177,785	3,610,158
8 Months, 1941	1,718,484	1,296,961	146,262	3,161,697
% Inc. in 1942	+13	+15	+22	+14

RAYON YARN PRODUCTION

Manufacturers of rayon filament yarn shipped 38,400,000 pounds to domestic consumers in August 1942, according to *Rayon Organon*, in comparison with 40,000,000 pounds shipped in July this year and 37,300,000 pounds in August 1941. Total deliveries of filament yarn during the eight months of the cotton year amounted to 309,700,000 pounds, an increase of 5 per cent over 295,900,000 pounds delivered in the first eight months of 1941. Production of rayon yarn in August exceeded shipments, and reserve stocks held by manufacturers consequently rose from 6,600,000 pounds on July 31 to 7,300,000 pounds on August 31.

Deliveries of rayon staple fiber in August totaled 12,600,000 pounds, against 12,600,000 pounds in July and 12,200,000 pounds in August last year. Total deliveries of staple fiber this calendar year to the end of August amounted to 101,200,000 pounds, an increase of 14 per cent over 89,100,000 pounds delivered in the corresponding period last year. Stocks of staple fiber held by producers rose from 3,100,000 pounds to 3,900,000 pounds during August.

COTTON STATISTICS

Spot cotton prices on ten Southern markets were lower in August and the first half of September than in earlier months this year. From an average price of 18.67 cents per pound for middling grade at the end of July, the average price declined to 18.52 cents on August 21, rose to 18.81 cents on August 28, and then dropped again to 18.65 cents on September 4. From that day there was a slight rise to 18.74 cents on September 18. The weakness of the price in August appeared to be due chiefly to favorable developments of the 1942 crop and to uneasiness with regard to the effect of ceiling price regulations.

The second forecast of 1942 cotton production, issued on September 8 by the Department of Agriculture, raised the estimate from 13,085,000 bales to 14,028,000 bales, a distinctly larger increase than the cotton trade had expected. Production of 14,028,000 bales this year, if realized, will exceed the 1941 crop of 10,744,000 bales by 31 per cent, and will be 7 per cent larger than average production in 1931-1940. In the Fifth Reserve District, North Carolina's perspective yield rose 31,000 bales above the estimate made a month earlier, South Carolina's yield rose 16,000 bales, and Virginia's rose 2,000 bales, a total increase of 49,000 bales for Fifth district cotton growing states. Production figures in Fifth district states are on page 5.

COTTON CONSUMPTION AND ON HAND—BALES

	August 1942	August 1941
Fifth district states:		
Cotton consumed	438,441	393,636
Cotton growing states:		
Cotton consumed	803,046	741,108
Cotton on hand August 31 in		
Consuming establishments	1,563,953	1,317,551
Storage & compresses	7,218,672	8,902,155
United States:		
Cotton consumed	925,089	872,035
Cotton on hand August 31 in		
Consuming establishments	1,949,295	1,604,557
Storage & compresses	7,346,268	9,207,607
Spindles active	22,973,572	23,042,256

AUCTION TOBACCO MARKETING

Auction tobacco markets opened in the South Carolina belt on August 6 this year, a week earlier than the 1941 opening. Eastern Carolina markets, all in North Carolina, opened on August 25, one day earlier than last year. Prices paid for tobacco in August averaged 42 per cent higher than August 1941 prices, 36 per cent more tobacco was sold last month, and farmers received 93 per cent more cash from the sales. Perspective yield figures on tobacco were increased in all Fifth district states except Maryland and South Carolina during the past month, and the total crop for the district is 17 per cent larger than the 1941 yield. If present prices are maintained during the balance of the selling season, money returns from the 1942 tobacco crop will probably exceed returns from the 1941 crop by approximately 65 per cent. Sales in August, all of flue-cured type tobacco, were as follows:

STATES	Producers' Tobacco Sales, Lbs. August 1942	August 1941	Price per Hundred 1942	1941
South Carolina	30,849,[illegible]	28,081,015	$38.32	$26.24
North Carolina	93,013,[illegible]	74,442,884	37.37	26.78
Total	123,863,002	113,426,399	$37.86	$26.66

TOBACCO MANUFACTURING

For the third successive month the number of cigarettes manufactured in August in the United States set a new record. On the other hand, production of cigars, smoking and chewing tobacco and snuff was lower than in July. Production figures released by the Bureau of Internal Revenue on September 22 are as follows:

	August 1942	July 1942	August 1941
Smoking & chewing tobacco, pounds	22,564,144	23,818,062	24,489,824
Cigarettes, number	20,940,644,080	20,875,470,140	17,776,502,190
Cigars, number	488,872,075	516,828,310	491,627,685
Snuff, pounds	2,784,896	3,194,998	2,971,991

RETAIL AND WHOLESALE TRADE

DEPARTMENT STORE TRADE

	Richmond	Baltimore	Washington	Other Cities	District
Change in August 1942 sales in comparison with sales in August 1941:	+ 7	+ 9	+ 4	+ 6	+ 6
Change in Jan.-Aug. 1942 sales in comparison with sales in Jan.-Aug. 1941:	+13	+19	+23	+15	+18
Change in stocks on Aug. 31, 1942 compared to stocks on Aug. 31, 1941:	+31	+41	+61	+28	+49
Change in outstanding orders on Aug. 31, 1942 compared with Aug. 31, 1941:	−25	−12	−33	−20	−25
Change in total receivables on Aug. 31, 1942 compared with Aug. 31, 1941:	−26	−33	−27	−32	−29
Percentage of current receivables as of Aug. 1, 1942, collected in August:	49 (35)	55 (38)	53 (40)	49 (35)	52 (38)
Percentage of instalment receivables as of Aug. 1, 1942, collected in Aug.:	21 (17)	20 (20)	18 (15)	20 (14)	20 (16)

Note: 1941 percentages in parentheses.

State figures on sales, August 1942 compared with August 1941, and total sales in 8 months this year compared with total sales in the like 1941 period, show the following percentage changes: Maryland +9 & +20; Virginia +9 & +16; West Virginia —19 & 0; North Carolina +5 & +4; South Carolina +28 & +23.

RETAIL FURNITURE SALES

STATES	Percentage Changes in August 1942 Sales Compared with Aug. 1941	Compared with July 1942
Maryland (11)*	−17	+35
Dist. of Col. (8)*	− 9	+36
Virginia (24)*	−24	−24
West Virginia (15)*	−56	+20
North Carolina (23)*	−36	+29
South Carolina (22)*	−38	+26
District (115)*	−25	+28
Individual Cities		
Danville, Va. (3)*	−34	− 7
Norfolk, Va. (4)*	+21	+13
Richmond, Va. (8)*	−52	+35
Charleston, W. Va. (4)*	−38	+18
Huntington, W. Va. (3)*	−52	+14
Charlotte, N. C. (4)*	−49	+17
Winston-Salem, N. C. (3)*	−45	+34
Columbia, S. C. (3)*	−54	− 2
Greenville, S. C. (3)*	−19	+19
Greenwood, S. C. (2)*	−56	− 7
Baltimore, Md. (11)*	−17	+35
Washington, D. C. (8)*	− 9	+30

*Number of reporting stores.

WHOLESALE TRADE, 213 FIRMS

LINES	Net Sales August 1942 compared with Aug. 1941	July 1942	Stocks August 31, 1942 compared with Aug. 31 1941	July 31 1942	Ratio Aug. collections to accounts outstanding Aug. 1
Auto supplies (10)	− 5	+17	..	..	85
Shoes (4)	+ 15	+20	+28	−12	52
Drugs & sundries (10)	+ 13	− 3	..	..	113
Dry goods (7)	+ 5	+25	+27	−13	54
Electrical goods (11)	− 22	−33	−34	+ 5	53
Groceries (69)	+ 12	− 1	− 8	− 1	175
Hardware (15)*	− 2	+ 1	−20	−13	58
Industrial supplies (8)	− 8	− 2	−10	−13	58
Paper & products (10)	− 10	− 9	+50	− 3	55
Tobacco & products (5)	+ 19	+ 1	..	..	..
Miscellaneous (55)*	− 9	− 7	− 3	− 3	75
District Average (213)	+ 1	− 2	− 7	− 7	74

Source: Department of Commerce.

CROP FORECASTS

The following figures, issued by the Department of Agriculture, show forecasts of production in 1942 based on September 1 conditions, compared with final yields in 1941 and in the 10-year period 1930-39, and percentage changes in acreage this year over or under 1941 acreage. Yield figures for 1942 marked (+) were raised between August 1 and September 1, and those marked (—) were lowered.

	% Change Acreage	Yield 1930-39	Yield 1941	Yield 1942
Cotton (Bales)				
Virginia	+ 22	31,000	28,000	35,000+
North Carolina	+ 6	626,000	552,000	736,000+
South Carolina	+ 1	820,000	456,000	858,000+
District Total	+ 3	1,477,000	986,000	1,629,000+
Corn (Bushels)				
Maryland	+ 2	16,173,000	15,164,000	17,295,000+
Virginia	+ 5	32,418,000	32,542,000	35,910,000+
West Virginia	+ 6	12,610,000	12,397,000	13,051,000
North Carolina	− 4	43,507,000	52,696,000	45,466,000+
South Carolina	− 3	22,831,000	22,316,000	23,244,000
District Total	− 1	127,539,000	134,825,000	134,955,000+
Hay (Tons)				
Maryland	− 1	467,000	472,000	546,000+
Virginia	+ 5	921,000	1,250,000	1,494,000+
West Virginia	+ 3	642,000	795,000	875,000
North Carolina	+ 5	744,000	1,071,000	1,208,000+
South Carolina	+ 10	398,000	470,000	558,000
District Total	+ 5	3,173,000	4,056,000	4,675,000+
Irish Potatoes (Bushels)				
Maryland	0	2,997,000	1,920,000	2,240,000+
Virginia	− 4	10,661,000	6,916,000	7,665,000+
West Virginia	+ 9	2,844,000	3,795,000	3,960,000
North Carolina	+ 5	8,182,000	6,636,000	8,632,000
South Carolina	+ 8	2,475,000	2,548,000	3,108,000
District Total	+ 3	27,159,000	21,815,000	25,605,000+
Sweet Potatoes (Bushels)				
Maryland	+ 13	1,071,000	1,040,000	1,350,000—
Virginia	− 3	4,061,000	2,970,000	4,320,000+
North Carolina	− 10	8,354,000	6,880,000	7,560,000+
South Carolina	+ 13	5,401,000	4,400,000	5,890,000—
District Total	− 1	18,887,000	15,290,000	19,120,000+
Tobacco (Pounds)				
Maryland	+ 3	26,901,000	20,225,000	32,162,000—
Virginia	+ 10	90,861,000	88,572,000	95,820,000+
West Virginia	+ 14	2,985,000	2,610,000	3,135,000+
North Carolina	+ 11	529,356,000	459,400,000	536,046,000+
South Carolina	+ 11	85,656,000	60,660,000	92,250,000—
District Total	+ 10	744,759,000	630,557,000	759,413,000+
Peanuts (Pounds)				
Virginia	+ 19	146,390,000	160,510,000	208,000,000+
North Carolina	+ 35	246,869,000	265,640,000	296,800,000+
South Carolina	+312	8,962,000	8,670,000	49,000,000+
District Total	+ 42	402,221,000	443,820,000	653,800,000+
Peaches (Bushels)				
Maryland	..	372,000	563,000	510,000
Virginia	..	899,000	1,860,000	1,840,000—
West Virginia	..	285,000	530,000	630,000+
North Carolina	..	1,038,000	3,167,000	2,463,000—
South Carolina	..	1,424,000	4,095,000	3,500,000—
District Total	..	4,018,000	10,275,000	8,913,000—
Apples, Commercial (Bushels)				
Maryland	..	1,911,000	1,995,000	2,048,000+
Virginia	..	11,085,000	11,800,000	14,274,000+
West Virginia	..	4,317,000	4,288,000	4,818,000
North Carolina	..	1,009,000	1,305,000	1,164,000—
District Total	..	18,322,000	19,498,000	22,304,000+
Pastures, September 1 Condition				
Maryland	..	67	72	93
Virginia	..	76	79	98
West Virginia	..	74	82	95
North Carolina	..	80	83	91
South Carolina	..	70	78	89

(Compiled September 21, 1942)

SUMMARY OF NATIONAL BUSINESS CONDITIONS

(Compiled by the Board of Governors of the Federal Reserve System)

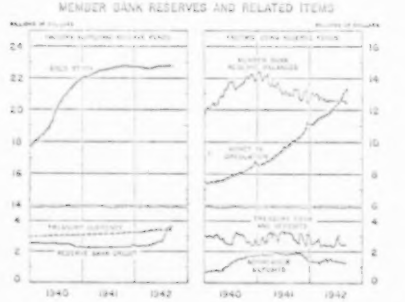
INDUSTRIAL PRODUCTION

Federal Reserve monthly index of physical volume of production, adjusted for seasonal variation, 1935-1939 average = 100. Latest figures shown are for August 1942.

DEPARTMENT STORE SALES AND STOCKS

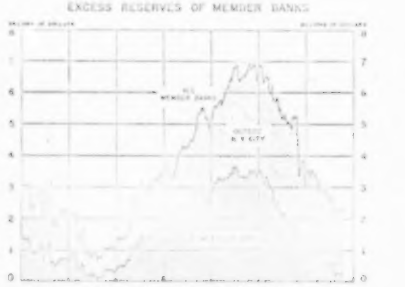
Federal Reserve monthly indexes of value of sales and stocks, adjusted for seasonal variation, 1923-1925 average = 100. Latest figures shown are for August 1942.

MEMBER BANK RESERVES AND RELATED ITEMS



Wednesday figures. Latest figures shown are for Sept. 9, 1942.

EXCESS RESERVES OF MEMBER BANKS



Wednesday figures, partly estimated. Latest figures shown are for Sept. 9, 1942.

Industrial output continued to rise in August and the first half of September and retail distribution of commodities also increased. Prices of farm products and foods advanced further.

PRODUCTION

Industrial output increased in August and the Board's seasonally adjusted index rose 3 points to 183 per cent of the 1935-1939 average. There were further marked increases in activity in the machinery, transportation equipment, and other armament industries. Crude petroleum production increased considerably from the reduced level of recent months and output of manufactured food products rose more than is usual at this time of year. Production of materials, such as steel, nonferrous metals, coal, and lumber, continued in large volume.

Value of construction contracts awarded in August declined from the record high levels of June and July, according to figures of the F. W. Dodge Corporation. The extent to which the continuing large volume of construction reflects the war program is indicated by the fact that in the first eight months of this year 84 per cent of total awards have been for publicly financed projects and in recent months the percentage has been higher.

DISTRIBUTION

Distribution of commodities to consumers increased considerably in August, reflecting particularly marked increases in department store sales and in sales of general merchandise in small towns and rural areas. Dollar value of sales to consumers in August was somewhat lower than the unusually large sales of a year ago, when there was a considerable amount of anticipatory buying, while average prices were about 12 per cent higher. On the basis of physical volume, therefore, sales were smaller than a year ago.

Railroad freight-car loadings were sustained at a high level during August and the first half of September, reflecting continued large shipments of most classes of freight.

COMMODITY PRICES

During August and the first half of September the general wholesale price index advanced about half a point to 99.2 per cent of the 1926 average, reflecting chiefly increases in prices of livestock products. Prices of wheat, flour, and some other uncontrolled commodities also advanced. New crop tobacco prices showed sharp increases over last year and a temporary ceiling at current levels was established for flue-cured types.

Retail food prices continued to rise from the middle of July to the middle of August and further increases are indicated in September. Prices of uncontrolled foods in August were 10 per cent higher than in May.

AGRICULTURE

Crop prospects improved considerably during August and aggregate production this year is expected to be about 15 per cent greater than in 1941, which was close to a record year for crops. Unusually high yields per acre are indicated for most major crops and for some others, like oil-seed crops, substantially increased acreages are expected to be harvested. Feed grain supplies are expected to be of record proportions, but owing to the growing number of livestock on farms the supply per animal will probably be about the same as last season.

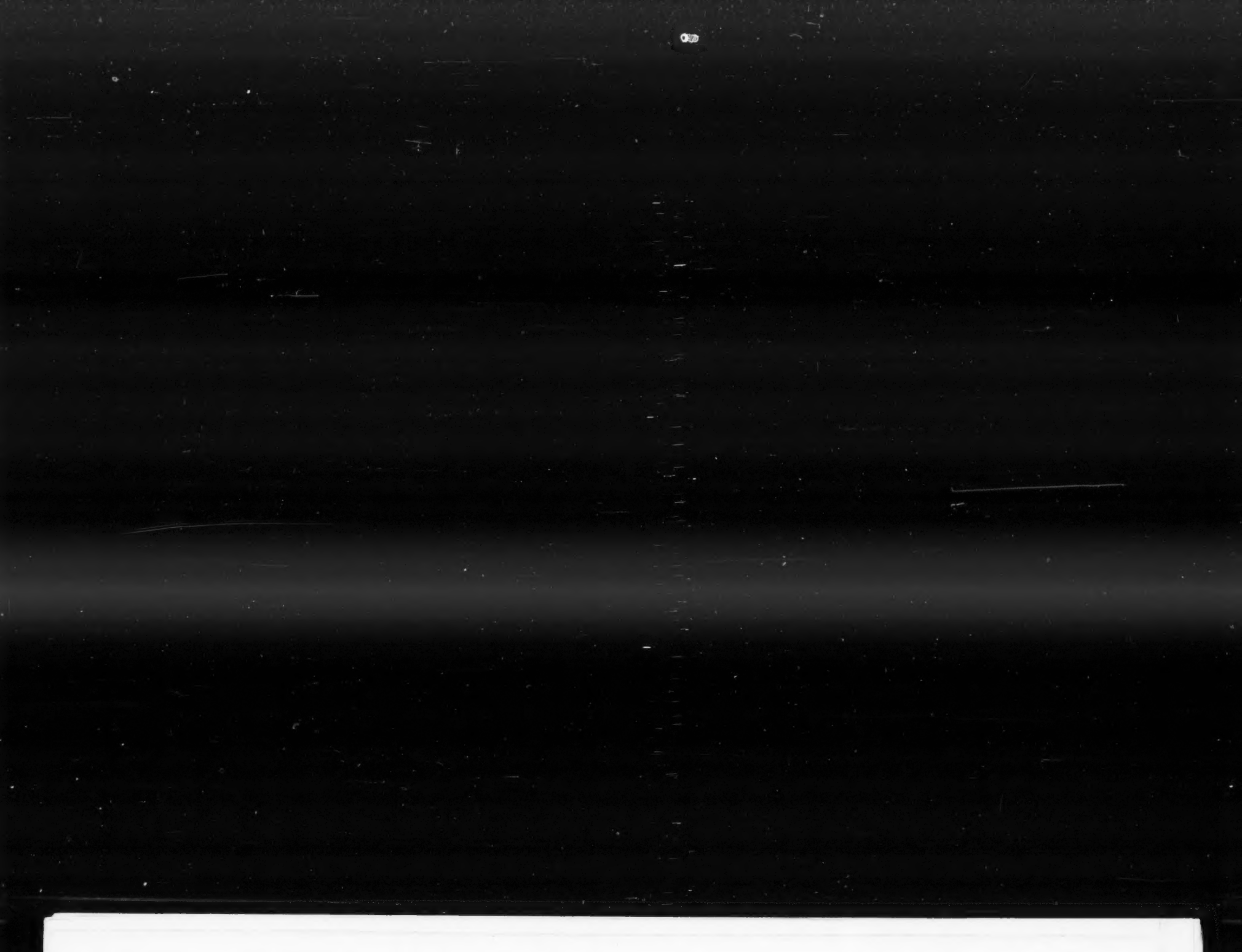
BANK CREDIT

Excess reserves of member banks, which have generally fluctuated between 2.0 and 2.5 billion dollars in recent months, rose temporarily to over 3 billion on September 16. This increase was due partly to a further reduction in reserve requirements on demand deposits at central reserve city banks from 24 to 22 per cent and partly to Treasury disbursements out of its balances with the Reserve Banks in connection with September 15 tax collections and fiscal operations. Funds for these disbursements arose in part from the issuance of special one-day certificates to the Reserve Banks.

Excess reserves of New York City banks have been declining for a number of months owing principally to the excess of funds raised in that city by the Treasury over amounts expended there. The effect of this drain has been offset in part by purchases of Government securities by the Federal Reserve System and by the two successive reductions in reserve requirements.

At banks outside New York City excess reserves have shown little change in recent months. These banks have lost reserves through currency drain and their required reserves have increased owing to growth of their deposits; both these factors, however, have been largely offset by transfers of funds from New York.

Holdings of Government securities at New York City banks, which increased substantially in July and August, declined somewhat in the first half of September. At banks outside New York City holdings have continued to increase.

UNITED STATES GOVERNMENT SECURITY PRICES

The recent 3 billion dollar Treasury cash financing operation had little effect on the Government securities market, and prices continued steady.